

Senate Study Bill 3291

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the investment tax credit and research
2 activities tax credit under the high quality job creation
3 program, to the earned income tax credit, and to the endow
4 Iowa program tax credits, and making an appropriation, and
5 including effective and retroactive and other applicability
6 date provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
8 TLSB 6620SC 82
9 mg/rj/14

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1 1 INVESTMENT TAX CREDIT
1 2 Section 1. Section 15.333, subsection 1, unnumbered
1 3 paragraph 2, Code Supplement 2007, is amended by striking the
1 4 unnumbered paragraph.
1 5 Sec. 2. Section 15.333, subsection 3, Code Supplement 2007,
1 6 is amended by striking the subsection.
1 7 RESEARCH ACTIVITIES TAX
1 8 CREDIT == ENERGY GENERATION COMPONENTS
1 9 Sec. 3. Section 15.335, subsection 1, unnumbered paragraph
1 10 1, Code Supplement 2007, is amended to read as follows:
1 11 An eligible business may claim a corporate tax credit for
1 12 increasing research activities in this state during the period
1 13 the eligible business is participating in the program. For
1 14 purposes of this section, "research activities" includes the
1 15 development and deployment of innovative renewable energy
1 16 generation components manufactured or assembled in this state.
1 17 For purposes of this section, "innovative renewable energy
1 18 generation components" does not include a component with more
1 19 than two hundred megawatts of installed effective nameplate
1 20 capacity. The tax credits for innovative renewable energy
1 21 generation components shall not exceed one million seven
1 22 hundred fifty thousand dollars.

1 23 ENDOW IOWA PROGRAM TAX CREDIT
1 24 Sec. 4. Section 15E.305, subsection 2, Code Supplement
1 25 2007, is amended to read as follows:
1 26 2. The annual aggregate amount of tax credits authorized
1 27 pursuant to this section shall not exceed a total of two
1 28 million seven hundred fifty thousand dollars plus ~~such the~~
1 29 ~~additional credit amount as provided by this section annually~~
1 30 ~~determined pursuant to paragraph "c"~~.
1 31 a. The maximum amount of tax credits granted annually to a
1 32 taxpayer shall not exceed five three and one-third percent of
1 33 the annual aggregate amount of tax credits authorized in this
1 34 subsection minus the additional credit amount from paragraph
1 35 "c".

2 1 b. Ten percent of the aggregate amount of tax credits
2 2 authorized in a calendar year shall be reserved for those
2 3 endowment gifts in amounts of thirty thousand dollars or less.
2 4 If by September 1 of a calendar year the entire ten percent of
2 5 the reserved tax credits is not distributed, the remaining tax
2 6 credits shall be available to any other eligible applicants.

2 7 c. For purposes of this subsection, the additional credit
2 8 amount shall be an amount for each applicable calendar year
2 9 determined by the department of revenue equal to the amount of
2 10 money credited as provided by section 99F.11, subsection 3,
2 11 paragraph "e", subparagraph (3), for the prior fiscal year.

2 12 EARNED INCOME TAX CREDIT
2 13 Sec. 5. Section 422.12B, subsection 1, Code Supplement
2 14 2007, is amended to read as follows:

2 15 1. The taxes imposed under this division less the credits
2 16 allowed under section 422.12 shall be reduced by an earned
2 17 income credit equal to seven and sixty-five hundredths percent
2 18 of the federal earned income credit provided in section 32 of
2 19 the Internal Revenue Code. Any credit in excess of the tax
2 20 liability is refundable.

2 21 MICROENTERPRISE

2 22 Sec. 6. MICROENTERPRISE DEVELOPMENT PROGRAM. There is
2 23 appropriated from the general fund of the state to the
2 24 department of economic development for the fiscal year
2 25 beginning July 1, 2008, and ending June 30, 2009, the
2 26 following amount, or so much thereof as is necessary, to be
2 27 used for the purpose designated.

2 28 For funding a microenterprise development program, if
2 29 enacted by Act of the Eighty-second General Assembly:

2 30 \$ 500,000

2 31 Sec. 7. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

2 32 1. The sections of this Act amending section 15.333 take
2 33 effect July 1, 2008, and apply to fiscal years beginning on or
2 34 after that date.

2 35 2. The section of this Act amending section 15.335, being
3 1 deemed of immediate importance, takes effect upon enactment
3 2 and applies retroactively to January 1, 2008, for contracts
3 3 entered into on or after that date.

3 4 3. The section of this Act amending section 15E.305, being
3 5 deemed of immediate importance, takes effect upon enactment
3 6 and applies retroactively to January 1, 2008.

3 7 4. The section of this Act amending section 422.12B
3 8 applies retroactively to January 1, 2008, for tax years
3 9 beginning on or after that date.

3 10 EXPLANATION

3 11 This bill relates to various tax credits and economic
3 12 development programs that offered these tax credits, the
3 13 individual earned income tax credit, and makes an
3 14 appropriation.

3 15 INVESTMENT TAX CREDIT. The bill eliminates the investment
3 16 tax credit refunds that may be provided to value-added
3 17 agricultural and biotechnical-related businesses under the
3 18 high quality job creation program. This provision takes
3 19 effect July 1, 2008, for fiscal years beginning on or after
3 20 that date.

3 21 RESEARCH ACTIVITIES TAX CREDIT == ENERGY GENERATION
3 22 COMPONENTS. The bill increases the amount of research
3 23 activities tax credits for innovative renewable energy
3 24 generation components under the high quality job creation
3 25 program from \$1 million to \$1.75 million.

3 26 This provision takes effect upon enactment and applies
3 27 retroactively to January 1, 2008, for contracts entered into
3 28 on or after that date.

3 29 ENDOW IOWA PROGRAM TAX CREDIT. The bill increases the
3 30 annual aggregate amount of tax credits available under the
3 31 endow Iowa program from \$2 million to \$2.75 million while also
3 32 reducing the annual percentage amount that can be granted to
3 33 an individual taxpayer.

3 34 This provision takes effect upon enactment and applies
3 35 retroactively to January 1, 2008.

4 1 EARNED INCOME TAX CREDIT. The bill increases the earned
4 2 income tax credit under the state individual income tax from 7
4 3 percent to 7.65 percent of the federal earned income tax
4 4 credit.

4 5 This provision applies retroactively to January 1, 2008,
4 6 for tax years beginning on or after that date.

4 7 MICROENTERPRISE. The bill also makes an appropriation of
4 8 \$500,000 to the department of economic development for funding
4 9 a microenterprise development program, if enacted by the
4 10 general assembly during the 2008 session.

4 11 LSB 6620SC 82

4 12 mg/rj/14